

**EAST ST. TAMMANY EVENTS
CENTER DISTRICT
Slidell, Louisiana
June 30, 2001**

Audit of General Purpose Financial Statements

June 30, 2001

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/5/01

C O N T E N T S

	Page
Independent Auditor's Report	1 - 2
Balance Sheet	3
Statement of Revenues, Expenses, and Changes in Fund Equity	4
Statement of Cash Flows	5 - 6
Notes to Financial Statements	7 - 12
Schedule of Funding Provided by St. Tammany Parish Tourism And Convention Commission	13
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	14 – 15
Summary Schedule of Prior Audit Findings	16



To the Commissioners of the
East St. Tammany Events Center District

Independent Auditor's Report

We have audited the accompanying general purpose financial statements of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT** as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT** as of June 30, 2001, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reported dated August 27, 2001 on our consideration of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report considering the results of our audit.

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Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Schitz, Schitz, Long & Hard

A Professional Accounting Corporation

August 27, 2001

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, Louisiana
BALANCE SHEET
June 30, 2001

ASSETS

CURRENT ASSETS

Cash	\$ 2,740,603
Prepaid Insurance	<u>4,158</u>
Total Current Assets	<u>2,744,761</u>

RESTRICTED ASSETS

Cash - Sinking Fund	653,076
Investments	8,341,670
Purchased Interest	10,395
Ad Valorem Tax Receivable	<u>13,402</u>
Total Restricted Assets	<u>9,018,543</u>

BOND ISSUANCE COSTS, Net	<u>75,510</u>
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PROPERTY, PLANT, AND EQUIPMENT

Land	2,188,430
Construction in Progress	<u>466,770</u>
	<u>2,655,200</u>

Total Assets	<u><u>\$ 14,494,014</u></u>
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The accompanying notes are an integral part of these financial statements.

LIABILITIES AND FUND EQUITY

CURRENT LIABILITIES

Accounts Payable - Operations	\$ 869
Accounts Payable - Design and Construction	65,279
Retainage Payable	2,893
Unearned Revenue - Intergovernmental Operating Grants	<u>252,938</u>

Total Current Liabilities	<u>321,979</u>
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PAYABLE FROM RESTRICTED ASSETS

Accrued Interest Payable	160,880
Current Portion of General Obligations Bonds Payable	<u>340,000</u>

Total Liabilities Payable from Restricted Assets	<u>500,880</u>
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LONG-TERM LIABILITIES

General Obligation Bonds Payable	<u>9,335,000</u>
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Total Liabilities	10,157,859
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FUND EQUITY

Retained Earnings - Unrestricted	<u>4,336,155</u>
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Total Liabilities and Fund Equity	<u><u>\$ 14,494,014</u></u>
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EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, Louisiana
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND EQUITY
For the Year Ended June 30, 2001

	<u>Unrestricted</u>
OPERATING REVENUES	
Hotel Occupancy Taxes	\$ 214,421
Total Operating Revenues	<u>214,421</u>
OPERATING EXPENSES	
St. Tammany Parish Tourist and Convention Commission Grants:	
Facility Marketing and Management Search	290
Insurance	4,433
Accounting	3,580
Printing	126
Bond Service Fees	640
Postage	100
Tax Assessor - Supply Budget	<u>1,077</u>
Total Operating Expenses	<u>10,246</u>
INCOME FROM OPERATIONS	<u>204,175</u>
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental Operating Grant - St. Tammany Parish Tourist and Convention Commission	290
Ad Valorem Taxes	838,751
Interest Income	27,620
Bond Issuance Expense	<u>(3,113)</u>
Total Non-Operating Revenues (Expenses)	<u>863,548</u>
NET INCOME	1,067,723
FUND EQUITY - BEGINNING	<u>3,268,432</u>
FUND EQUITY - ENDING	<u><u>\$ 4,336,155</u></u>

The accompanying notes are an integral part of these financial statements.

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, Louisiana
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Hotel Occupancy Taxes	\$ 214,421
Cash Payments for Operating Expenses	<u>(14,916)</u>
Net Cash Provided by Operating Activities	<u>199,505</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Cash Received from Ad Valorem Taxes	864,337
Refund on Bond Issue Costs	1,767
Principal Payment on Bonds Payable	(325,000)
Payments to Vendors for Design and Construction of Events Center	(135,968)
Payments for Bond Interest Recognized in Construction in Progress	(505,390)
Interest Received from Investments Applied Against Capitalized Interest Cost	<u>491,654</u>
Net Cash Provided by Capital and Related Financing Activities	<u>391,400</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from Maturity of Investment Securities	8,361,845
Proceeds from Sale of Securities in Investment Pool	141,100
Purchase of Investment Securities	(6,602,724)
Accrued Investment Interest Purchased	(10,394)
Interest on Cash Deposits	<u>27,620</u>
Net Cash Provided by Investing Activities	<u>1,917,447</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS 2,508,352

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR 885,327

CASH AND CASH EQUIVALENTS - END OF YEAR \$ 3,393,679

The accompanying notes are an integral part of these financial statements.

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, Louisiana
STATEMENT OF CASH FLOWS (Continued)
For the Year Ended June 30, 2001

**SUPPLEMENTAL SCHEDULE - RECONCILIATION OF INCOME FROM OPERATIONS
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

CASH FLOWS FROM OPERATING ACTIVITIES

Operating Income	\$ 204,175
Adjustments to Reconcile Income from Operations to Net Cash Provided by Operating Activities	
Increase in Prepaid Expenses	(4,158)
Decrease in Accounts Payable - Operations	<u>(512)</u>
Net Cash Provided by Operating Activities	<u>\$ 199,505</u>

RECONCILIATION OF TOTAL CASH AND CASH EQUIVALENTS

Current Assets	\$ 2,740,603
Restricted Assets	<u>653,076</u>
Total Cash and Cash Equivalents	<u>\$ 3,393,679</u>

NONCASH INVESTING AND FINANCING ACTIVITIES

Interest Earned from LAMP Netted Against Capitalized Interest Cost	<u>\$ 101,309</u>
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The accompanying notes are an integral part of these financial statements.

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, La
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The financial statements of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT** (the District) have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

BASIS OF ACCOUNTING

The District utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Revenues are recorded when they are earned, and expenses are recorded at the time liabilities are incurred. Substantially all revenues and expenses are subject to accrual.

REPORTING ENTITY

The District was created by Act 685 of the 1986 Regular Session of the Louisiana Legislature. However, the District did not become active until December 1997. As such, the date of December 1, 1997 has been utilized as the inception date.

The District consists of the entire area within Wards 8 and 9 of St. Tammany Parish, and is generally authorized to acquire, construct, develop, maintain and operate an Events Center and the programs and events undertaken therein.

The control and management of the affairs of the District are vested in a Board of Commissioners (the Board). The Board consists of 13 members, all of whom must be qualified voters of Wards 8 and 9 of St. Tammany Parish. The Board is appointed by the following entities and individuals:

<u>Entity/ Individual</u>	<u>Number of Appointments</u>
Mayor of the City of Slidell	1
City Council of the City of Slidell	3
Board of Alderman of the Town of Pearl River	1
St. Tammany Parish Government	2
Greater Slidell Area Chamber of Commerce, Inc.	2
State Representative for District 90	1
State Representative for District 76	1
State Representative for District 74	1
State Senator for District 11	1

No elected public official is eligible for appointment to the Board, and members of the Board serve without compensation.

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, La
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

INVESTMENTS

Investments include the District's investment in United States Treasury bills and notes and its investment balance with the Louisiana Asset Management Pool, Inc. (LAMP), a State sponsored external investment pool.

Under Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, issued by the Governmental Accounting Standards Board, United States Treasury obligations with a remaining maturity at time of purchase of one year or less may be reported at amortized cost. As such, the District's investment in United States Treasury bills and notes are stated at amortized cost since these investments have maturities of less than one year.

BOND ISSUANCE COSTS

Bond issuance costs associated with the General Obligations Bonds issued by the District have been accounted for as a deferred charge (an asset) and are amortized over the life of the bonds.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment are recorded at cost or, if contributed property, at their fair market value at the time of the contribution.

Construction in Progress consists of costs associated with the design and construction of the events center. In addition, interest costs for the construction of the events center, net of interest earned on interest-bearing investments acquired with the proceeds of the bond issuance, has been capitalized. For the year ended June 30, 2001, total interest cost incurred was \$497,807, all of which was capitalized. This amount is offset by the amount of interest earned on the temporary investment of bond proceeds. Interest earned and netted against capitalized interest cost amounted to \$583,793 for the year ended June 30, 2001.

AD VALOREM TAXES

Ad Valorem taxes are normally levied in November and billed in December. These taxes are due in January of the following year. The St. Tammany Parish Sheriff's Department bills and collects the Ad Valorem taxes for the District.

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, La
NOTES TO FINANCIAL STATEMENTS

NOTE A

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

UNEARNED REVENUE - INTERGOVERNMENTAL OPERATING GRANTS

Unearned revenue consists of unspent funds pertaining to operating grants issued to the District by the St. Tammany Parish Tourist and Convention Commission. The grants outstanding at June 30, 2001 consist of the following:

- A \$150,000 grant to be used for marketing the events center and for costs associated with the search for the events center executive director. As of June 30, 2001, the District has incurred and expended \$2,687 of allowable costs.
- A \$105,625 grant to be used for signage associated with the events center. As of June 30, 2001, no costs have been incurred and expended.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE B

CASH AND CASH EQUIVALENTS

At June 30, 2001, the District has cash and cash equivalents (book balances) totaling \$3,393,679 as follows:

Demand Deposits	\$ 12,898
Interest-Bearing Demand Deposits	<u>3,380,781</u>
Total Deposits	\$ 3,393,679

At June 30, 2001, the bank balance of deposits with financial institutions totaled \$3,393,679. This balance is entirely insured and collateralized by securities held by the District's agent in the District's name.

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, La
NOTES TO FINANCIAL STATEMENTS

NOTE C

INVESTMENTS

All securities held at June 30, 2001 are held in the trust department of a custodial bank selected by the District. Because the securities are in the name of the District and are held by its agent, the securities are considered insured and registered, Category 1, in applying the credit risk of GASB Codification Section 150.164.

At June 30, 2001, the District's investments, as referenced in Note A, are comprised of:

Securities:

United States Treasury Bills	\$ 2,492,724
United States Treasury Notes	<u>4,110,000</u>
Total Securities	6,602,724

Government Pool

LAMP	<u>1,738,946</u>
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Total Investments	\$ 8,341,670
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Government Pool investments as of June 30, 2001 are invested in LAMP, a local government investment pool, and are stated at fair value. The investment in LAMP at June 30, 2001, is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., which is governed by a board of directors comprising the State Treasurer, representatives from various organizations of local government, the Government Finance Officers Association of Louisiana, and the Society of Louisiana Certified Public Accountants. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high-quality investments.

The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, La
NOTES TO FINANCIAL STATEMENTS

NOTE D

BONDS PAYABLE

Bonds Payable at June 30, 2001 consists of \$9,675,000 of General Obligation Bonds (the Bonds), Series 1999. The proceeds from the Bonds are to be used for the construction of an events center. Interest ranging from 4% to 7%, is payable semiannually on March 1 and September 1 of each year through 2019.

Scheduled debt service payments, including interest, on the Bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 340,000	\$ 482,640	\$ 822,640
2003	360,000	458,840	818,840
2004	375,000	433,640	808,640
2005	395,000	407,390	802,390
2006	415,000	379,740	794,740
Thereafter	<u>7,790,000</u>	<u>2,475,570</u>	<u>10,265,570</u>
	\$ 9,675,000	\$ 4,637,820	\$ 14,312,820

During 1999, the Board approved an Ad Valorem tax of five mills to provide for the debt service of the Bonds. This millage is renewable annually through a resolution by the Commissioners.

In accordance with the Bond Agreement, the District has established a separate cash account (the Sinking Fund) into which the District deposits the proceeds from the collections of the Ad Valorem tax. Funds are transferred from the Sinking Fund to the paying agent for the payment of principal and interest.

In accordance with the Revised Statutes of the State of Louisiana, aggregate debt payable solely from Ad Valorem taxes shall not exceed 10% of the total assessed valuation of taxable property. As of June 30, 2001, the District was in compliance with these statutes.

NOTE E

COMMITMENTS AND CONTINGENCIES

The State Bond Commission has approved the District for a \$750,000 line of credit from the State of Louisiana. The line of credit is provided through a cooperative endeavor with the State through the Office of Facility Planning. At June 30, 2001, the District had not drawn down any funds from this line of credit.

During the year ended June 30, 2001, the Commission entered into a contract for dirt and fill pertaining to the construction of the events center. The approved contract was for \$1,599,239, of which, \$57,866 has been recognized in Construction in Progress as of June 30, 2001.

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, La
NOTES TO FINANCIAL STATEMENTS

NOTE F

RISK OF LOSS

The District is exposed to various risks of loss related to damage and destruction of assets, and errors and omissions of the Board. Commercial Insurance has been obtain to cover these risks.

EAST ST. TAMMANY EVENTS CENTER DISTRICT
Slidell, Louisiana
SCHEDULE OF FUNDING PROVIDED BY
ST. TAMMANY PARISH TOURIST AND COVENTION COMMISSION
For the Year Ended June 30, 2001

	Resolution Number		
	090799	2000-425-01	Total
FUNDS AVAILABLE AT JULY 1, 2000	\$ 147,603	\$ 105,625	\$ 253,228
FUNDS UTILIZED:			
Bond Issuance Costs (Capitalized)	-	-	-
Legal Costs - Land Donation	-	-	-
Printing	-	-	-
Postage	-	-	-
Advertising	-	-	-
Travel and Conferences	-	-	-
Dues and Subscriptions	290	-	290
Other	-	-	-
	<u>290</u>	<u>-</u>	<u>290</u>
FUNDS AVAILABLE AT JUNE 30, 2001	<u>\$ 147,313</u>	<u>\$ 105,625</u>	<u>\$ 252,938</u>



**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Commissioners of the
East St. Tammany Events Center District

We have audited the general purpose financial statements of **EAST ST. TAMMANY EVENTS CENTER DISTRICT** as of and for the year ended June 30, 2001, and have issued our report thereon dated August 27, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the **EAST ST. TAMMANY EVENTS CENTER DISTRICT's** general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the **EAST ST. TAMMANY EVENTS CENTER DISTRICT's** internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Board of the **EAST ST. TAMMANY EVENTS CENTER DISTRICT** management, and the Legislative Auditor of the State of Louisiana, and it is not intended to be and should not be used by anyone other than these specified parties.



A Professional Accounting Corporation

August 27, 2001

**EAST ST. TAMMANY EVENTS CENTER DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2001**

Condition Reported:

Cash deposits of the District in excess of FDIC coverage were not secured by its fiscal agent bank.

Current Status:

Upon determination that the District's deposits in excess of FDIC coverage were not secured, management contacted personnel at the fiscal agent bank and requested that security be provided immediately. The fiscal agent bank has maintained sufficient collateral since that time.